

**HOPE for Kids, Inc.**  
**(d/b/a Camp HOPE for Kids)**

Financial Statements  
Year Ended December 31, 2019



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**HOPE FOR KIDS, INC.**  
**(d/b/a Camp HOPE for Kids)**

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
HOPE for Kids, Inc.  
(d/b/a Camp HOPE for Kids)

We have reviewed the accompanying financial statements of HOPE for Kids, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Notes 8 and 9 to the financial statements, the Organization identified the need for significant addition revenue streams and expenditure monitoring to improve the financial results in addition to an uncertain COVID-19 environment that could impact camp registrations and revenues. Current liabilities and current assets are \$441,000 and \$187,000, respectively, and indicate a substantial doubt exists about the Organization's ability to continue as a going concern. Management's evaluation of these events and conditions and management's plans regarding these matters are disclosed in Note 8. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not modified with respect to this matter.

BBD 2/18

Philadelphia, Pennsylvania  
October 7, 2020

**HOPE FOR KIDS, INC.**  
**(d/b/a Camp HOPE for Kids)**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2019**

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**ASSETS**

**ASSETS**

Cash	\$ 183,153
Prepaid expenses and other assets	3,851
Property and equipment, net	<u>228,878</u>
<b>Total assets</b>	<b><u>\$ 415,882</u></b>

**LIABILITIES AND NET ASSETS (DEFICIT)**

**LIABILITIES**

Accounts payable and accrued expenses	\$ 161,296
Deferred revenue	132,066
Due to related party	<u>148,000</u>
<b>Total liabilities</b>	<b><u>441,362</u></b>

**NET ASSETS (DEFICIT)**

Without donor restrictions	(72,541)
With donor restrictions	<u>47,061</u>
<b>Total net assets</b>	<b><u>(25,480)</u></b>
	<b><u>\$ 415,882</u></b>

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*See accompanying notes and independent accountant's review report*

**HOPE FOR KIDS, INC.**  
**(d/b/a Camp HOPE for Kids)**

**STATEMENT OF ACTIVITIES**

**Year ended December 31, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Contributions	\$ 307,985	\$ 104,795	\$ 412,780
Camp registration fees	432,819	-	432,819
Camp program fees	29,400	-	29,400
Camp facility rental fees	5,827	-	5,827
Other revenue	373	-	373
Releases from restriction	<u>57,734</u>	<u>(57,734)</u>	<u>-</u>
<b>Total public support and revenue</b>	<u>834,138</u>	<u>47,061</u>	<u>881,199</u>
<b>EXPENSES</b>			
Program services			
Facilities management	456,555	-	456,555
Camper related expenses	<u>226,942</u>	<u>-</u>	<u>226,942</u>
<b>Total program services</b>	<u>683,497</u>	<u>-</u>	<u>683,497</u>
Supporting services			
Management and general	173,712	-	173,712
Fundraising and membership development	<u>11,766</u>	<u>-</u>	<u>11,766</u>
<b>Total supporting services</b>	<u>185,478</u>	<u>-</u>	<u>185,478</u>
<b>Total expenses</b>	<u>868,975</u>	<u>-</u>	<u>868,975</u>
<b>CHANGE IN NET ASSETS (DEFICIT)</b>	(34,837)	47,061	12,224
<b>NET ASSETS (DEFICIT)</b>			
Beginning of year	<u>(37,704)</u>	<u>-</u>	<u>(37,704)</u>
End of year	<u>\$ (72,541)</u>	<u>\$ 47,061</u>	<u>\$ (25,480)</u>

*See accompanying notes and independent accountant's review report*

**HOPE FOR KIDS, INC.**  
**(d/b/a Camp HOPE for Kids)**

**STATEMENT OF FUNCTIONAL EXPENSES**

Year ended December 31, 2019

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Facilities Management</u>	<u>Camper Related</u>	<u>Management and General</u>	<u>Fundraising and Membership Development</u>	
Payroll and payroll related expenses	\$ 37,722	\$ 74,303	\$ 29,599	\$ 5,595	\$ 147,219
Rent	222,000	-	-	-	222,000
Utilities	38,015	-	-	-	38,015
Maintenance and repairs	55,325	-	-	-	55,325
Insurance and taxes	70,096	-	49,796	-	119,892
Equipment	6,728	-	36	-	6,764
Depreciation and amortization	26,669	-	-	-	26,669
Supplies	-	5,334	515	4,073	9,922
Activities expense	-	36,282	-	-	36,282
Food and kitchen expenses	-	63,093	-	-	63,093
Travel and transportation	-	32,777	-	1,200	33,977
Contracted services	-	14,835	73,912	-	88,747
Equipment rental	-	318	-	-	318
Office expenses	-	-	1,264	-	1,264
Fees and charges	-	-	18,590	898	19,488
	<u>\$ 456,555</u>	<u>\$ 226,942</u>	<u>\$ 173,712</u>	<u>\$ 11,766</u>	<u>\$ 868,975</u>

See accompanying notes and independent accountant's review report

**HOPE FOR KIDS, INC.**  
**(d/b/a Camp HOPE for Kids)**

**STATEMENT OF CASH FLOWS**

Year ended December 31, 2019

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**CASH FLOWS FROM OPERATING ACTIVITIES**

<b>Change in net assets</b>	\$ 12,224
<b>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</b>	
Depreciation and amortization	26,669
(Increase) decrease in Prepaid expenses and other assets	9,000
Increase (decrease) in Accounts payable and accrued expenses	42,946
Deferred revenue	(24,891)
Due to related party	<u>148,000</u>
<b>Net cash provided by (used for) operating activities</b>	213,948

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of property and equipment	<u>(115,290)</u>
<b>Net change in cash</b>	98,658

**CASH**

Beginning of year	<u>84,495</u>
<b>End of year</b>	<u><u>\$ 183,153</u></u>

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See accompanying notes and independent accountant's review report

**HOPE FOR KIDS, INC.**  
**(d/b/a Camp HOPE for Kids)**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2019**

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**(1) NATURE OF NONPROFIT ORGANIZATION**

HOPE for Kids, Inc. (d/b/a Camp HOPE for Kids) (the "**Organization**") was founded in 2006 as a 501(c)(3) nonprofit organization, and has been Commonwealth of Pennsylvania Educational Improvement Tax Credit (EITC) approved as an Innovative Environment Educator since 2009. Its mission is to be a faith-fueled camp empowering lives through mentoring. Camp Hope for Kids is a faith-based, but not faith-biased program that strives to bring privileged, at-risk and challenged youth together. Its compassionate and dedicated volunteers aim to strengthen campers spiritually, emotionally and physically. Its vision is to nurture and sustain spiritual growth, healthy relationships and environmental stewardship by bringing together an international community of diverse youth and adults in a safe camp setting.

**(2) SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to the following classes of net assets:

***Without donor restrictions***

Net assets that are not subject to donor-imposed restrictions.

***With donor restrictions***

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Organization and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as "**net assets released from restrictions.**"

Also included in this category are net assets that are subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting the Organization to expend the income generated in accordance with the provision of the contribution. The Organization did not have this type of net assets with donor restrictions at December 31, 2019.

**Estimates**

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America ("**GAAP**") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Property and Equipment and Depreciation**

Property and equipment are stated at cost if purchased and fair value if donated. Significant purchases of all property and equipment are capitalized and recognized in the statement of financial position. Depreciation is provided on the straight-line method based upon the estimated useful lives of the assets. Office equipment and furniture are depreciated over five to seven years. Leasehold improvements are amortized on the straight-line method over the term of the lease.



**HOPE FOR KIDS, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2019**

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Depreciation and amortization for the year ended December 31, 2019 was \$26,669.

**Public Support and Revenue Recognition**

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

Contributions received are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Unconditional contributions are recognized as revenue when the related promise to give is received. Conditional contributions are recognized as revenue when the conditions are satisfied.

Camp registration fees, program fees and facility rental fees are recognized as revenue over the period the camp program is being held or when the rental takes place. Deferred revenue includes amounts received for programs or rentals that will happen in the future.

**Contributed Services**

The Organization recognizes revenue for donated services received when they require specialized skills which would need to be purchased if they were not donated. Donated services are recorded as both revenue and expenses in the accompanying statement of activities at their estimated value at the date of receipt.

**Functional Expenses**

The costs of providing various programs and other activities have been presented on a functional basis in the statement of activities. Accordingly, certain costs have been allocated based upon the program and supporting services benefitted.

Certain of the fundraising and management and general services are provided by members of the Organization's Board of Directors without compensation. The financial statements do not reflect the value of these contributed services because they do not meet the criteria for recognition.

**Income Tax Status**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(c) and has been classified as an organization other than a private foundation under Section 509(a).

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. The Organization believes that it had no uncertain tax positions as defined in GAAP.

**Concentration of Credit Risk**

The Organization maintains its cash balances in financial institutions with insurance provided by the Federal Deposit Insurance Corporation. At times, these accounts may exceed the insurable limit. Management believes the credit risk at these financial institutions is minimal.

**HOPE FOR KIDS, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2019**

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**Accounting Pronouncements Adopted**

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The Organization adopted ASU 2014-09 on January 1, 2019 using the modified retrospective method approach.

The Organization performed an analysis of revenue streams and transactions under ASU 2014-09, including applying the portfolio approach as a practical expedient to group contracts with similar characteristics such that revenue for a given portfolio would not be materially different than if it were evaluated on a contract-by-contract basis. The impact of adopting ASU 2014-09 was not material to total public support and revenues, change in net assets, or total net assets. The Organization's revenue recognition policies are detailed within Note 2.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope and accounting guidance for contributions received and made and assists entities in evaluating whether transactions should be accounted for as contributions within the scope of Topic 958, Not-for-Profit Entities, or as exchange transactions subject to other guidance, and in determining whether a contribution is conditional. The Organization adopted ASU 2018-08 on January 1, 2019.

**(3) LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Organization receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. None of the financial assets are subject to donor restrictions that make them unavailable for general expenditures the Organization's total financial assets as of the statement of financial position date consist of cash in the amount of \$183,153.

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and money market funds.

**(4) PROPERTY AND EQUIPMENT**

Property and equipment as of December 31, 2019 consisted of the following:

Leasehold improvements	\$ 159,934
Office equipment and furniture	<u>182,452</u>
	342,386
Less accumulated depreciation and amortization	<u>113,508</u>
	<u>\$ 228,878</u>

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**HOPE FOR KIDS, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2019**

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**(5) NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions, as of December 31, 2019, consist of the following:

	<u>Balance</u> <u>12/31/2018</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>12/31/2019</u>
Camp Miracles	\$ -	\$ 52,500	\$(17,500)	\$35,000
Liguori Leadership Experience	-	28,721	(28,721)	-
Property improvements	-	6,500	(6,500)	-
Clean and Green application legal fees	-	1,200	(1,200)	-
Camp Repairs	-	3,813	(3,813)	-
Future periods	-	12,061	-	12,061
	<u>\$ -</u>	<u>\$ 104,795</u>	<u>\$(57,734)</u>	<u>\$ 47,061</u>

**(6) COMMITMENTS**

In May 2017, the Organization entered into a new lease of its premises known as Camp HOPE for Kids (the "**Camp**") located in Schwenksville, Pennsylvania expiring in May 2037. Rental expense under the operating lease was \$222,000 for the year ended December 31, 2019.

Scheduled future minimum rental payments under the noncancelable operating leases are as follows:

2020	\$ 222,000
2021	222,000
2022	222,000
2023	222,000
2024	222,000
Thereafter	<u>2,738,000</u>
	<u>\$ 3,848,000</u>

**(7) RELATED PARTY TRANSACTIONS**

In May 2017, the Organization entered into a lease of its camp with a foundation that was established by a current board member. As of December 31, 2019, the Organization also has a balance due to this foundation of \$148,000. There is no defined repayment terms or stated interest rate for this balance due.

**(8) MANAGEMENT'S NOTE**

The management of the Organization recognizes the financial status of the organization as of December 31, 2019 and the direct need of growth in funding sources to secure the Organization's future for years to come. The Organization is proactively approaching this issue in multiple ways. First, we are researching new funding sources (through grants) and cultivating these new relationships into financial contributions. Second, we will be engaging with an outside development consultant to directly involve our Board of Directors in launching a public fundraising campaign. And lastly, we are keeping all costs down to their bare minimum amounts to ensure programming is not negatively impacted. We believe with focusing on these three areas it will provide a strong foundation for the Organization 's continued success and growth in the year(s) to come.

**HOPE FOR KIDS, INC.**  
**(d/b/a Camp HOPE for Kids)**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2019**

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**(9) SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 7, 2020, the date on which the financial statements were available to be issued. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our campers and employees and impact on our donors and their level of contributions, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain. No other material subsequent events have occurred since December 31, 2019 that require recognition or disclosure in the financial statements.